

Megaprojects

For purposes of this planning effort, “megaproject” is defined as a high-cost project or a project of high significance when viewed from a statewide perspective.

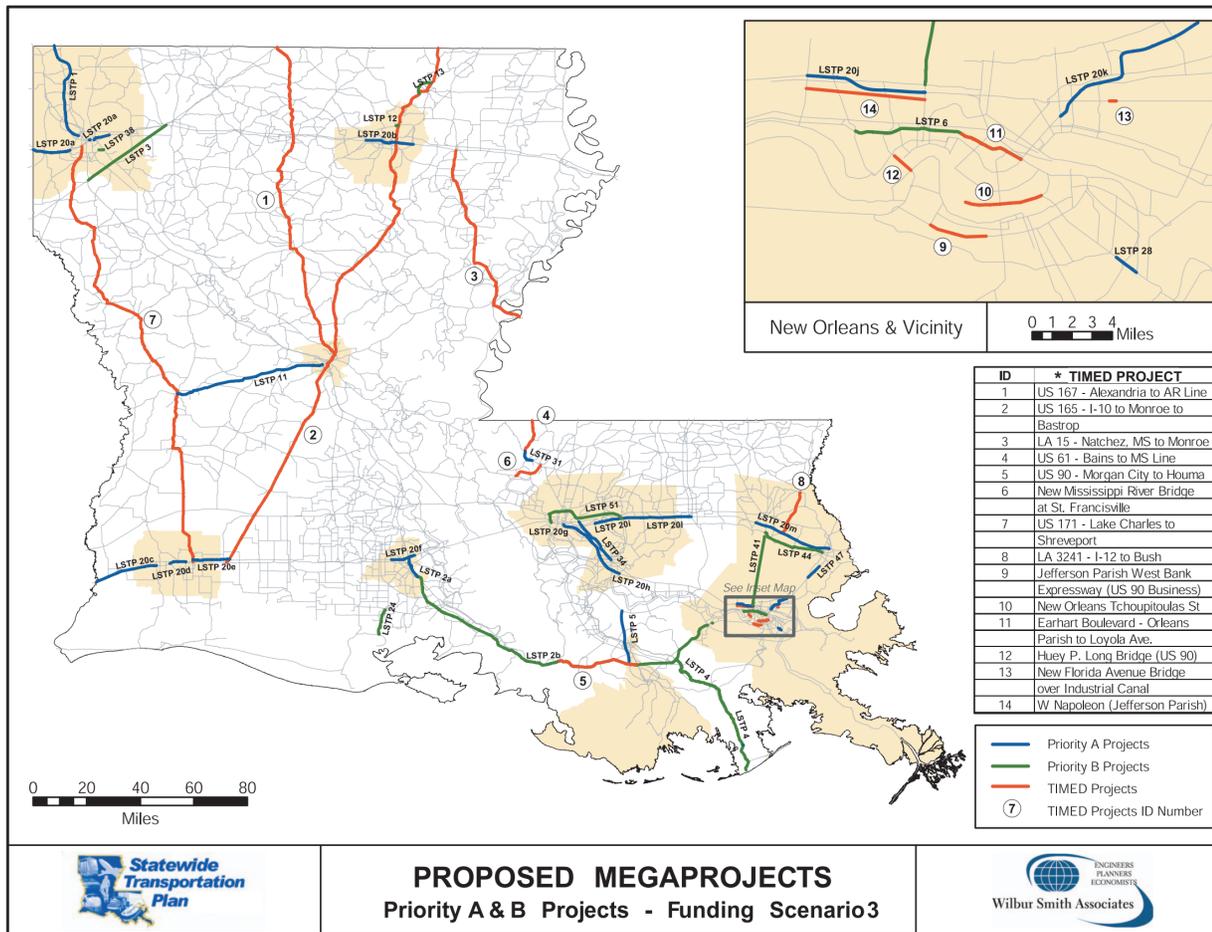
As part of this planning effort, advocates of Louisiana’s “megaprojects” were given the opportunity to present to the Regional Planning Officials Advisory Council reasons why their highway improvement project should be included in the updated Plan. Project sponsors provided and presented specific information regarding their proposed project including its description, purpose, benefits, cost, importance to the State, potential funding sources, and other related information.

A total of 57 “megaprojects” have been identified, and include the widening of portions of Interstates 10, 20, and 12; widening of portions of US Highways 61, and 190; construction of I-49 north and south extension and I-69; and other highway improvements throughout the State. The total cost of the 57 megaprojects is approximately \$16.7 billion. Projects were identified as having a statewide, regional, or local impact, with the majority of projects having either a statewide or regional impact.

Traffic impacts of these highway improvements were evaluated using the statewide travel demand model created as part of the Plan. Technical criteria used in evaluating the projects included change in level of service, as well as traffic utilization. Additionally, a qualitative evaluation of the proposed highway improvements was performed by the consultant team and DOTD, which took into consideration the projects based on the goals and objectives of the Plan through the following criteria: transportation efficiency, economic development impacts, environmental impacts, and potential improvements to traffic and community safety.

Initially, megaprojects that scored and ranked high in both the quantitative (travel demand model results) and qualitative (plan goals and objectives) evaluation were considered to be the highest priority (Priority A). Megaprojects that scored and ranked high in either the quantitative or qualitative evaluation were considered to be the second highest priority (Priority B). The remaining megaprojects were included in Priorities C and D. The priorities were further refined by the Regional Planning Officials Advisory Council based on available revenue scenarios.

The recommended improvements included in Priorities A and B are shown at right, and summarized in the tables below. Megaproject alignments depicted on the map are illustrative in nature, and are not final representations of project alignments. (Note: Project ID numbers are not assigned or listed in any order of priority).



* The Transportation Infrastructure Model for Economic Development is a program enacted in 1989 that includes extensive improvements to the highway system. TIMED projects are funded by a dedicated four-cent per gallon fuel tax.

Priority A Megaprojects

Project ID	Area	Highway	Limits	Improvement Type	Total Project Cost (\$m)	Unfunded Project Cost (\$m)
LSTP – 001	Shreveport	I-49 North	I-220 to AR Line	New 4-lane Freeway	\$363	\$363
LSTP – 002a	I-49 Lafayette	I-49 South	Lafayette Urban	Upgrade to Freeway	\$350	\$350
LSTP – 004*	Lafourche Parish	LA 1 South	Port Fourchon to US 90	Phase 1 (Leeville Bridge)	\$125	\$115
LSTP – 005*	Houma	N-S Hurricane Route	US 90 to LA 3127	Build New 2 Lanes	\$150	\$150
LSTP – 011	Leeville/Alexandria	LA 28 West	US 171 to Alexandria	Widen 2 to 4 Lanes	\$80	\$40
LSTP – 020a	Shreveport	I-20	TX Line to I-220 W, Red River Bridge, LA 3 to I-220 E	Widen 4 to 6 Lanes	\$175	\$175
LSTP – 020b	Monroe	I-20	LA 546 to LA 594	Widen 4 to 6 Lanes	\$150	\$150
LSTP – 020c	Sulphur/Lake Charles	I-10	TX Line to Sulphur	Widen 4 to 6 Lanes	\$80	\$80
LSTP – 020d	Lake Charles	I-10	I-210W to Ryan St.	Replace Bridge/Widen Road	\$200	\$200
LSTP – 020e	Lake Charles/Iowa	I-10	US 171 to US 165	Widen 4 to 6 Lanes	\$50	\$50
LSTP – 020f	Lafayette	I-10	LA 93 to Louisiana Ave.	Widen 4 to 6 Lanes	\$60	\$60
LSTP – 020g	Baton Rouge	I-10	I-110 to I-12	Widen 6 to 8 Lanes	\$250	\$250
LSTP – 020h	Baton Rouge	I-10	I-12 to LA 22 (includes new interchange between LA 42 and LA 75)	Widen 4 to 6 Lanes	\$185	\$145
LSTP – 020i	Baton Rouge	I-12	O’Neal to Denham Springs	Widen 4 to 6 Lanes	\$60	\$60
LSTP – 020j	New Orleans	I-10	Williams Blvd. to Causeway Blvd.	Widen 6 to 8 Lanes	\$85	\$0
LSTP – 020k	New Orleans	I-10	Bullard Ave. to Elysian Fields Ave.	Widen; implement ITS	\$185	\$185
LSTP – 201	Hammond	I-12	LA 16 to I-55	Widen 4 to 6 Lanes	\$150	\$150
LSTP – 20m	Slidell	I-12	LA 21 to I-10/I-59	Widen 4 to 6 Lanes	\$150	\$150
LSTP – 028	New Orleans	LA 23	Belle Chase Tunnel	Build 4-Lane Bridge	\$50	\$50
LSTP – 031	St. Francisville	US 61	Thompson Creek to Baines	Widen 2 to 4 Lanes	\$40	\$20
LSTP – 034	Baton Rouge	US 61 (Airline)	Gonzales to US 190 (Florida Blvd)	Widen 4 to 6 Lanes	\$60	\$40
LSTP - 047	New Orleans	I-10 Twin Span	US 11 to North Shore – Lake Pontchartrain	Widen 4 to 6 Lanes	\$100	\$100
TOTAL COST					\$3,098	\$2,883

* Magnitude of original proposed Megaproject modified, or separated into two separate funding scenarios.

Priority B Megaprojects

Project ID	Area	Highway	Limits	Improvement Type	Total Project Cost (\$m)	Unfunded Project Cost (\$m)
LSTP – 002b	Lafayette/New Orleans	I-49 South	Lafayette to I-310	Upgrade to Freeway	\$865	\$865
LSTP – 003*	Shreveport	I-69	US 171 to I-20	New 4-Lane Freeway	\$380	\$380
LSTP – 004*	Lafourche Parish	LA 1 South	Port Fourchon to US 90	Phase 2 (Four-Lane)	\$545	\$545
LSTP – 006*	New Orleans	LA 3139 (Earhart)	Hickory, Orleans Parish Line	Add Ramps at Each Limit to Airline Hwy. (US 61)	\$125	\$125
LSTP – 012*	Monroe	New Bridge	Ouachita River in Monroe Metro area	New Bridge	\$50	\$50
LSTP – 013	Bastrop	US 165/US 425 Bypass	US 425 to US 165	Build 4 Lanes	\$20	\$20
LSTP – 024	Abbeville/Esther	US 167	Abbeville to Esther	Build/Upgrade 0/2 to 4/2 Lanes	\$25	\$25
LSTP – 038	Shreveport/Bossier City	LA 511 (Jimmie Davis Bridge)	70th St. to Barksdale Blvd.	Replace 2 lane Bridge with 4 lane Bridge	\$50	\$50
LSTP – 041**	New Orleans	Pontchartrain Causeway	US 190 to I-10	Widen 4 to 6 Lanes/Transit	\$425	\$425
LSTP – 044	St. Tammany Parish	US 190	Pontchartrain Causeway to US 11	Widen 2 to 4 Lanes	\$100	\$75
LSTP – 051	Baton Rouge	North Bypass	I-10 to I-12	Build/Upgrade to 4-Lane Interstate Standards	\$800	\$800
TOTAL COST					\$2,960	\$2,935

* Magnitude of original proposed Megaproject modified, or separated into two separate funding scenarios

** Cost of LSTP 041 not included in total cost. This project is assumed to be totally financed by Toll Authority funds

What’s at stake?

The policies, programs, and projects in the Louisiana Statewide Transportation Plan are intended to:

- Support the wealth-building industries and employment that we already have.
- Strengthen our foundation for economic growth.
- Take advantage of opportunities in international trade.
- Enhance the quality of life for Louisiana citizens.
- Send the message that our state is progressive.

Funding Scenarios

Another important aspect of transportation planning is to array priorities in line with the revenues that can reasonably be expected. In that way, the capital program does not become over-subscribed and, subsequently, irrelevant. All states face the issue of over-programming — it’s okay to identify some additional projects that the DOTD would undertake with additional money or if some projects become delayed (many often do), but this must be a manageable number. Many states are unable to control their over-programming because of political pressure to add projects that they cannot afford. When this occurs, the Plan and capital program become irrelevant, as they cannot realistically be delivered. People’s expectations rise (“well, the project is in the Plan”), only to be dashed when reality sets in.

Sound fiscal constraint was used as the foundation of this Plan. Four scenarios were developed, with allocations from programmatic categories identified for each. However, two of the four scenarios involve generating additional transportation revenues, and the DOTD has made it clear that it cannot proceed to implement these scenarios unless additional revenues are made available.

The four scenarios advanced in this Plan:

- **Scenario 1A** (baseline) — no additional revenues, but all current funding stays in place at existing levels. Some growth is assumed in each of the revenue types, which differentiates this scenario from a “Status quo” scenario that would assume no growth. However, no adjustments for inflation are assumed to occur during the 30-year planning period.
- **Scenario 1B** (baseline with adjustment) — this scenario is exactly the same as 1A except that inflation adjustments are made in the revenue stream in year 11 and again in year 21 of the 30-year planning period. This assumes the Louisiana Legislature, Congress, or both will take some unspecified action in the future to stabilize the buying power of the transportation program, as has happened historically. The Plan assumptions at year 11 and 21 restore lost buying power due to assumed inflation, resulting in about \$2.9 billion (Base 2002 dollars) in additional revenues over 1A.
- **Scenario 2** (\$250 million increase) — Scenario 2 assumes \$250 million in new revenues in year 1 from state sources. The revenues in this scenario are also adjusted for inflation in years 11 and 21 (restore buying power), resulting in about \$5 billion additional 2002 dollars for highways over Scenario

1B, and \$1.6 billion (base 2002 dollars) for non-highway modes.

- **Scenario 3** (\$150 million increase) — Scenario 3 adds \$150 million in federal highway aid to Scenario 2 revenues, which is also adjusted for inflation. This generates \$3.4 billion in increased revenues over Scenario 2. An increase of approximately \$90 million in federal transit aid is also included under this scenario.

Scenario 2 – Enhanced State Funding

- Increase pavement preservation (i.e., overlays, etc.) funding from \$160 to \$235 million annually.
- Increase bridge preservation (i.e., rehabilitation or replacement) funding from \$100 to \$120 million/year.
- Increase highway safety funding from \$45 to \$75 million annually (includes \$9 million/year for highway/railroad crossings).
- Increase highway operations funding by \$9 million/year.
- Increase ITS funding by \$7 million/year for 10 years.
- Maintain program for small highway capacity projects at an average of \$90 million annually.
- Establish a program for improving connections to ports, airports, etc., at \$20 million annually.
- Construct Priority A “Mega” highway projects (see list) - \$2.83 billion.
- Construct light rail line, New Orleans Airport to CBD, state share = \$175 million.
- Establish statewide rural public transit program, state share = \$6 million annually.
- Establish one-stop truck center in north Louisiana - \$20 million (\$5 million construction plus \$500 k annually for operation).
- Establish short-line railroad program at \$5 million/year.
- Establish a highway-railroad grade separation program at \$5 million annually.
- Increase Port Priority Program funding from \$24.5 to \$40 million/year with a \$500 k annual takedown for marketing Louisiana ports.
- Establish a marketing program to attract additional air service (passenger and cargo) to Louisiana airports at \$2 million annually.
- Construct an additional air carrier runway at New Orleans International Airport, state share = \$100 million.
- Increase State Aviation Program from \$5 to \$15 million/year.

Scenario 3 - Enhanced State and Federal Funding

- Construct Priority B “Mega” highway projects (see list) - \$2.94 billion in addition to Scenario 2 programs and projects.

Finance

Comparison of User Fees in the United States

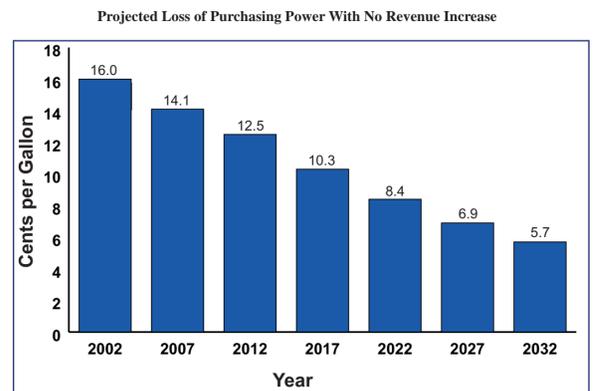
A national comparison of taxes and fees paid by automobile users was prepared by Wilbur Smith Associates. Louisiana ranks 46th in the nation in fees and taxes paid by automobile users in 2000. This ranking has declined from 1990, when Louisiana ranked 36th in the nation.

Purchasing Power

When looking at revenues estimated into the future, particularly 30-years into the future, it can appear that a significant amount of revenue will be available. However, it is important to remember that future dollars do not have the same value as dollars today.

The chart below shows the erosion of the purchasing power of the motor fuels tax due to inflation. Using constant 2002 dollars, over time, the 16-cent motor fuels tax only provides revenue that is equivalent to a 5.7-cent motor fuels tax by 2032.

Consequently, it is important to consider the time value of money when considering the sufficiency of the 30-year revenue projections. To do that, the projected loss of purchasing power was analyzed by taking into



consideration inflation rates. A review of available inflation rate projections indicated that most projections were for a much shorter period than the 30-year period under consideration in this planning effort. However, a review of inflation rates found that the “Budget of the United States Government for Fiscal Year 2003” projected an inflation rate of 2.3 percent through 2012. The Congressional Budget Office in their “Budget and Economic Outlook, An Update” projected 2.5 percent through 2012. Roger Ibbotson, Professor in the Practice of Finance, Yale School of Management, in a paper entitled “Predictions of the Past and Forecasts for the future: 1976 – 2025 forecasts an inflation rate of 3.1 percent.

Because inflation has been at historic low rates, it is likely that future inflation will increase beyond the low rates currently forecasted. Using this reasoning, an inflation rate of 2.5 percent per year through 2012 was assumed. From 2013 to 2032, an inflation rate of four percent per year was assumed.

The results of the analysis of the loss of purchasing power can be seen in the chart presented below. Even though the 30-year revenue projections for the Transportation Trust Fund grow 108.6 percent from 2003 to 2032, the cumulative purchasing power of the increase and the base year funds declines by 40 percent.